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Current Support Brief

SHIFT IN ALBANIAN FOREIGN TRADE CONTINUES



CENTRAL INTELLIGENCE AGENCY

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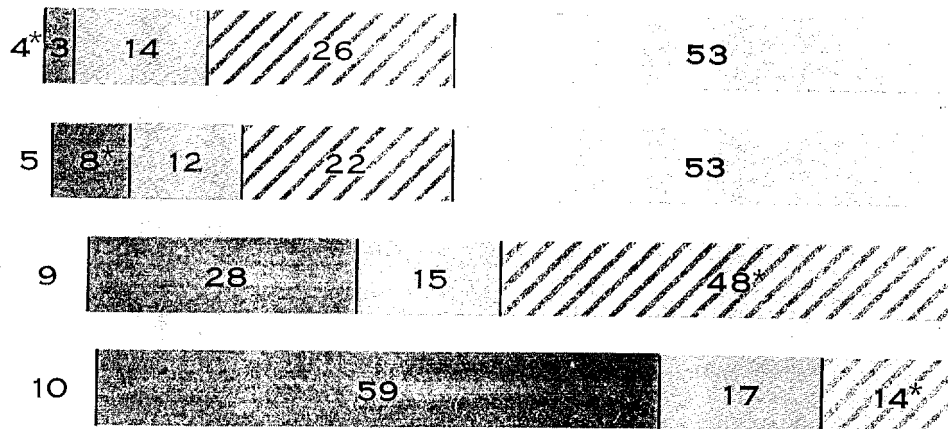
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SHIFT IN ALBANIAN FOREIGN TRADE CONTINUES

A recent broadcast from Tirana indicates that Albanian trade with Communist China has been expanding very rapidly as trade with the USSR has declined and that the Hoxha regime expects China's assumption of the former Soviet role in Albanian trade to be virtually complete this year. Although trade with the USSR is believed to have ceased, Albanian trade with the European Satellites is continuing and, at least in the case of Czechoslovakia, is scheduled to increase substantially. The regime plans only a small rise in the share of Albanian trade with non-Bloc countries in 1962 following a very rapid expansion in 1961.

Geographic Distribution of Foreign Trade
(Percent of Total Turnover)



Non-Bloc Countries



Communist China

Czechoslovakia

European Satellites except Czechoslovakia

USSR

*Including a small amount of trade with the Asian Satellites.

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Acknowledging the "valuable internationalist aid" of Communist China, Tirana stated in its broadcast that trade with China is expected to be 2.3 times as large this year as in 1961. As a result, the Chinese share of Albanian total trade, which was only 3 percent as recently as 1959, will increase from 28 percent in 1961 to 59 percent in 1962 -- a larger share than the USSR usually accounted for. Under the terms of the trade agreement for 1962, which provides for an exchange of goods as well as Chinese deliveries under long-term credits, Albania will receive such important items as wheat, rolled steel, fertilizers, and tractors from China in return for chrome ore, crude petroleum, copper, and tobacco. Some Albanian imports from China probably will consist of goods actually obtained from Western and possibly Soviet Bloc countries but financed by China.

Tirana's announcement also makes it clear that little or no trade is planned with the USSR and strengthens the impression that the rupture of diplomatic and trade relations with the USSR does not presage a trade embargo by other Bloc countries. Czechoslovak-Albanian trade, which grew by 44 percent in 1961 according to Czechoslovak statistics, is scheduled to increase by about one-fourth this year. Albania has now signed trade agreements for 1962 with all the other European Satellites. These agreements contain the usual lists of products that have been important in Albanian trade with other Satellites but give no indication of the planned volume of trade. Other information suggests, however, that trade with the Satellites other than Czechoslovakia is planned to be somewhat smaller this year than in 1960, and possibly smaller than in 1961. This trend together with the virtual cessation of trade with the USSR involves a decline of approximately one-half in Albanian trade with Soviet Bloc countries in spite of the favorable prospects for trade with Czechoslovakia. A possible explanation of Czechoslovakia's emergence as Albania's leading trade partner in the Soviet Bloc is that Czechoslovakia has supported development of Albanian iron-nickel and chrome ore mining and may prefer Albanian ores to alternative supplies because of their high quality, lower transport costs, or especially favorable prices. Albania brought its trade with Czechoslovakia into balance in 1961 as required by the cancellation of Czechoslovak credits and presumably is obligated to maintain this balance.

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Recent Albanian efforts to broaden trade relations with countries outside the Bloc have met with some success, and the regime is counting on a further growth in these exchanges to raise the share of these countries in total trade to about 10 percent. This aim seems to be consistent with Albania's export capability, and there is no implication that the regime anticipates credits from these countries.

Albania's ability to cope with the transitional problems caused by the loss of imports from the USSR has been enhanced by the growth in industrial and agricultural production in 1961, which permitted a 6-percent rise in exports without undue strain in the domestic economy. According to the regime, this gain was larger than planned. A further increase in exports of 7 percent is scheduled for 1962, roughly paralleling the rate of growth for industrial production. In view of the lack of information on Soviet-Albanian trade, it is difficult to determine the value of Albanian imports in 1961, but it appears that imports may have been larger than in 1960. The 1962 plan specifies an increase in total trade of about 10 percent, implying that Albania expects a substantial increase in imports this year thanks to Chinese support. It is thus most unlikely that the loss of Soviet deliveries will seriously disrupt Albanian economic activity.

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Sources:

1. [REDACTED]
2. Albania, Statistical Board. Anuari statistikor i R. P. Sh., 1960 (Statistical Yearbook of the Albanian People's Republic, 1960), Tirana, 1960. p. 241. U.
3. [REDACTED]
4. Statisticke zpravy, no 1, 1962, p. 24-25. U.

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